

# THE TORONTO STOCK EXCHANGE

13/11/69  
8/1 /70

FILING STATEMENT NO. 1727  
FILED JANUARY 23, 1970.

Hardee Farms International Ltd.

Full corporate name of Company  
Incorporated under Part 1 of the Companies Act (Canada)  
by letters patent dated February 2, 1959.

Particulars of incorporation (e.g., Incorporated under Part IV of the Corporations Act, 1953  
(Ontario) by Letters Patent dated May 1st, 1957).

## FILING STATEMENT

Reference is made to previous

(To be filed with respect to any material change in a company's affairs, including among other things,  
an underwriting and option agreement, an issue of shares for property and a proposed re-organization.)

1. Brief statement of the material change in the affairs of the company in respect of which this statement is filed.

Hardee Farms International Ltd. (Hardee) proposes to enter into an Agreement to be dated as of November 24, 1969 between Frank Omura, George Omura, Thomas Omura and Shei Omura (the O Vendors), of the first part; Masako Omura, Eiko Omura, Beth Mutsko Omura and Shizue Omura (the C Vendors), of the second part; and Hardee, of the third part, to purchase all the outstanding shares of Omura Brothers Limited (Omura) for \$450,000 and all the outstanding shares of Castlefield Automotive Engine Limited (Castlefield) for \$100,000. Omura and Castlefield are private Ontario companies which carry on the business of rebuilding automotive engines under the name Christie Automotive Engineering in Toronto.

In conjunction with these purchases of shares, Ottawa River Farms Limited, a subsidiary of Hardee, is to purchase from Frank Omura, George Omura, Thomas Omura and Shei Omura the lands and buildings municipally known as 8 and 12 Milford Avenue and 1119 and 1121 Castlefield Avenue, Toronto, which except for the property at 8 Milford Avenue are presently used in the business of Omura and Castlefield, for an aggregate price of \$502,703.44 payable by the assumption of two existing mortgages securing principal amounts totalling about \$64,000, by a mortgage back for \$436,000 to bear interest at 8% per annum and to be guaranteed by Hardee and by \$2,703.44 in cash.

The aggregate purchase price of the shares is being provided to the extent of \$350,000 from cash presently on hand and as to the balance of \$200,000 by way of current loan from Hardee's bankers.

2. Head office address and any other office address.

Head Office: c/o Suite 2314, 44 King St. W. Toronto  
Principal business 105, Ontario.  
office: P.O. Box 1030, Bradford, Ontario.



3. Names, addresses and chief occupations for the past five years of present or proposed officers and directors.

Officers

Name and Address

Hardee Office and Chief Occupation

C.H. Franklin,  
27 Country Lane,  
Willowdale 430, Ontario.

Chairman of the Board,  
Hardee and President,  
Algonquin Building  
Credits Limited;  
President, Minaco  
Equipment Limited.

J.J. Phillips,  
15 Glenorchy Road,  
Don Mills 406, Ontario.

President, Hardee.

A.W. Walker,  
38 Blue Ridge Road,  
Willowdale 432, Ontario.

Vice-President and  
Secretary, Hardee.

Directors

D.E. Foyston,  
268 Dalewood Road,  
Oakville, Ontario.

Director,  
A.E. Ames & Co.

C.H. Franklin,  
27 Country Lane,  
Willowdale 430, Ontario.

See above

T.P.N. Jaffray,  
29 St. Edmund's Drive,  
Toronto 317, Ontario.

Vice-President,  
Dominion Securities  
Corporation Limited.

F.D. Lace,  
15 Hillholm Road,  
Toronto 199, Ontario.

President,  
Matthews & Company  
Limited.

J.A. McKechnie,  
11 Hedgewood Road,  
Willowdale 431, Ontario.

Professional  
Engineer.

E.R.S. McLaughlin,  
705 Simcoe Street North,  
Oshawa, Ontario.

Director of Quality  
Control,  
General Motors of  
Canada Limited.

R.A. McNair,  
Apt. 503,  
Avoca Avenue,  
Toronto 290, Ontario.

President,  
Bristol-Myers Co.  
Ltd.; formerly  
President,  
McNair Products  
Co. Ltd.

J.J. Phillips,  
15 Glenorchy Road,  
Don Mills 406, Ontario.

See above

D.L. Sinclair,  
Apt. 2004,  
33 Rosehill Avenue,  
Toronto 290, Ontario.

President,  
The Charterhouse  
Group Canada Limited.

4. Share capitalization showing authorized and issued and outstanding capital.

As at the close of business November 24, 1969, the authorized capital stock of Hardee consisted of:

49,448 First Preferred Shares of the par value of \$100 each, issuable in series, of which 9,198 6½% First Preferred Shares Series A are issued and outstanding as fully paid and non-assessable;

42,285 Second Preferred Shares of the par value of \$100 each, of which 514 shares are issued and outstanding as fully paid and non-assessable; and

6,000,000 common shares without nominal or par value, of which 4,090,435 shares are issued and outstanding as fully paid and non-assessable and 145,333 shares are reserved for issue against exercise of options and conversion of debentures.

5. Particulars in respect of any bonds, debentures, notes, mortgages, charges, liens or hypothecations outstanding.

5.7% demand notes, payable to Algonquin Building Credits Limited secured by collateral mortgage.	\$2,208,623	Can.
6-3/4% first mortgage on Florida land due September 20, 1980, payable \$40,000 semi-annually commencing January 1, 1970.	1,497,080	U.S.
6 1/2% first mortgage on Florida citrus groves due July 1, 1988 payable \$8,125 per annum.	137,325	U.S.
6% promissory note due January 1, 1981, payable \$5,462 per annum.	65,541	U.S.
6 1/2% Serial Debentures due June 15, 1970.	50,000	Can.
6% Unsecured Subordinated Notes due July 31, 1970.	50,000 45,000	U.S. Can.
6% Convertible Debentures due June 1, 1971.	19,000	Can.
The above particulars are on a consolidated basis as at November 24, 1969.		

6. Details of any treasury shares or other securities now the subject of any underwriting, sale or option agreement or of any proposed underwriting, sale or option agreement.

Five employees of Hardee have options to purchase an aggregate of 120,000 common shares of Hardee at 90¢ per share. Options for 100,000 shares are exercisable over terms ending August 26, 1974 and options for 20,000 shares are exercisable over terms ending December 17, 1971. All options comply with the general requirements of the Exchange as to termination and non-assignability. The employees concerned and the number of common shares under option to each are as follows:		
N.E. Collings, P.O. Box 44, Bradford, Ontario.	28,334	common shares
J.G. Lloyd, 21 Lambeth Road, Islington 675, Ontario.	5,000	common shares
J.A. Martin, 9 Parkway Avenue, Thornhill, Ontario.	25,000	common shares
J.J. Phillips, 15 Glenorchy Road, Don Mills 406, Ontario.	40,000	common shares
A.W. Walker, 38 Blue Ridge Road, Willowdale 432, Ontario.	21,666	common shares
As at the close of business on November 24, 1969 there were 25,333 common shares reserved against conversion of debentures.		
Davidson & Company, 25 Adelaide Street West, Toronto 105, Ontario.	52,262	
Merrill, Lynch, Pierce, Fenner & Smith Inc., 11 King Street West, Toronto 105, Ontario.	45,495	
Hardee does not know whether or not these shareholders are the beneficial owners of their shareholdings.		



FINANCIAL STATEMENTS

Consolidated Balance Sheet  
as at May 31, 1969  
Assets

CURRENT ASSETS	1969	1968
Cash and short-term deposits . . . . .	\$ 384,791	217,185
Accounts receivable . . . . .	322,988	388,799
Inventories—at lower of cost or replacement cost—		
Produce and supplies . . . . .	248,647	217,341
Beef cattle (note 3) . . . . .	785,185	669,651
Containers—at cost, less amounts written off . . . . .	39,125	46,819
Prepaid expenses—		
Current crop . . . . .	34,966	37,466
Other . . . . .	37,199	26,786
	<u>1,852,901</u>	<u>1,604,047</u>

INVESTMENT IN AFFILIATED COMPANY (note 1)  
Shares and debentures—at cost . . . . . 102,000

FIXED ASSETS (notes 3 and 4). . . . . 4,552,402 4,523,449

ASSETS HELD FOR SALE (note 5) . . . . . 6,133,883 5,775,331

OTHER ASSETS

Organization and financing expenses . . . . . 574,996 574,996  
Excess of purchase price of shares of subsidiaries over book value thereof . . . . . 352,367 352,367  
927,363 927,363

\$13,466,549 12,932,190

Hardee Farms International Ltd.

Liabilities

CURRENT LIABILITIES	1969	1968
Bank advances—secured by beef cattle . . . . .	\$ 394,532	296,706
Accounts payable and accrued liabilities . . . . .	446,555	406,062
Current instalments of long-term debt (note 6) . . . . .	53,587	5,462
Note payable to Algonquin Building Credits Limited—secured by collateral mortgages (note 7) . . . . .	2,208,623	—
	<u>3,103,297</u>	<u>708,230</u>
LONG-TERM DEBT, less current instalments (note 6) . . . . .	1,843,935	5,704,906
	<u>4,947,232</u>	<u>6,413,136</u>

Shareholders' Equity

CAPITAL STOCK (note 7)

Authorized—

49,448 first preferred shares of the par value of \$100 each, issuable in series

42,285 6½% non-cumulative second preferred shares of the par value of \$100 each, redeemable at par  
6,000,000 common shares of no par value

Issued and fully paid—

9,168 6½% cumulative first preferred shares, Series A, redeemable at \$120 per share . . . . . 919,800  
514 second preferred shares . . . . . 51,400  
4,076,436 common shares (1968—1,753,554 shares) . . . . . 9,928,354

DEFICIT (note 8) . . . . . (2,380,237)  
(2,090,177)  
8,519,317  
\$13,466,549  
12,932,190

Signed on behalf of the Board

J. J. PHILLIPS, Director

C. H. FRANKLIN, Director

Auditors' Report

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of Hardee Farms International Ltd. as at May 31, 1969 and the consolidated statements of earnings, deficit and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

Subject to the fact that, as stated in note 5, assets held for sale are carried at amounts which may not necessarily represent realizable values, in our opinion these consolidated financial statements present fairly the financial position of the companies as at May 31, 1969 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year, except for the change in the valuation of inventories and the recording of depreciation as described in note 3, with which we concur.

Toronto, Canada  
July 31, 1969

MCDONALD, CURRIE & CO.  
Chartered Accountants



# Consolidated Statement of Earnings

for the year ended May 31, 1969

	1969	1968
SALES . . . . .	\$4,759,239	4,593,259
COST OF SALES AND OTHER EXPENSES (note 9) . . . . .	4,346,362	4,200,488
DEPRECIATION . . . . .	81,131	77,770
	4,427,493	4,278,258
EARNINGS FROM OPERATIONS . . . . .	331,746	315,001
Interest . . . . .	309,031	317,570
Loss on disposal of fixed assets . . . . .	9,411	12,333
	318,442	329,903
NET EARNINGS (LOSS) FOR THE YEAR BEFORE EXTRAORDINARY ITEM . . . . .	13,304	(14,902)
Foreign exchange adjustment on refinancing of Canadian bank debt with Algonquin Building Credits Limited (note 7) . . . . .	301,404	—
LOSS FOR THE YEAR AFTER EXTRAORDINARY ITEM . . . . .	\$ 288,100	14,902

# Consolidated Statement of Deficit

for the year ended May 31, 1969

	1969	1968
SURPLUS (DEFICIT)—BEGINNING OF YEAR		
As previously reported . . . . .	\$(1,370,424)	219,921
Adjustments resulting from (note 3):		
Change in method of valuing beef cattle . . . . .	291,901	244,143
Recording depreciation . . . . .	427,852	350,082
	719,753	594,225
As restated . . . . .	(2,090,177)	(374,304)
LOSS FOR THE YEAR AFTER EXTRAORDINARY ITEM . . . . .	(288,100)	(14,902)
	(2,378,277)	(389,206)
Charges relating to assets held for sale (note 5)—		
Loss on disposals . . . . .	1,960	75,971
Provision for excess of book values over option prices . . . . .	—	1,625,000
DEFICIT—END OF YEAR . . . . .	\$(2,380,237)	(2,090,177)

# Consolidated Statement of Source and Application of Funds

for the year ended May 31, 1969

FUNDS WERE OBTAINED FROM	1969	1968
Net earnings (loss) for the year before extraordinary item. . . . .	\$ 13,304	(14,902)
Add: Charges not requiring outlay of funds—		
Depreciation . . . . .	81,131	77,770
Interest deferred . . . . .	91,636	79,317
Loss on disposal of fixed assets . . . . .	9,411	12,333
Total from operations . . . . .	195,482	154,518
Proceeds from disposal of fixed assets and assets held for sale. . . . .	8,730	106,317
Common shares issued as follows:		
For cash under employee stock options. . . . .	61,500	—
On conversion of debentures . . . . .	135,501	11,150
On acquisition of Cangroves, Inc. . . . .	93,322	—
On retirement of Canadian bank debt . . . . .	2,000,000	—
	2,494,535	271,985
FUNDS WERE APPLIED TO		
Note payable reclassified as a current obligation. . . . .	2,208,623	—
Reduction of Canadian bank and long-term debt . . . . .	2,190,838	97,006
Purchase of fixed assets . . . . .	52,085	188,956
Citrus grove and equipment in excess of long-term debt assumed at date of acquisition (\$267,759) less previous investment therein (\$102,000) . . . . .	165,759	—
Investment in citrus groves since date of acquisition . . . . .	23,443	—
Adjustment resulting from change in method of valuing beef cattle . . . . .	—	244,143
	4,640,748	530,105
DECREASE IN WORKING CAPITAL . . . . .	(2,146,213)	(258,120)
WORKING CAPITAL—BEGINNING OF YEAR. . . . .	895,817	1,153,937
WORKING CAPITAL (DEFICIENCY)—END OF YEAR. . . . .	\$(1,250,396)	895,817



# Notes to Consolidated Financial Statements

for the year ended May 31, 1969

**1. Principles of Consolidation.** The consolidated financial statements include the accounts of all subsidiary companies, all of which are wholly-owned.

In prior years the company held a 50% interest in Hardee-Cangroves, Inc. Through the acquisition during the year of all the outstanding shares of Cangroves, Inc. this interest was brought to 100%. No amounts in respect of these companies are included in consolidated results of operations as the production of fruit from their citrus groves has not yet reached significant commercial volume.

**2. Foreign Exchange.** Individual assets and liabilities in U.S. dollars have been converted at par and an adjustment has been made in the accounts to give effect to the conversion of net current assets in U.S. dollars to Canadian dollars at the rate of exchange prevailing at May 31, 1969.

**3. Change in Accounting Practices.** During the year the company changed its method of valuing beef cattle to the lower of cost or replacement cost. Accordingly the opening inventory of cattle, which had previously been carried at realizable value, was recalculated at cost and the resulting adjustment of \$291,901 charged to deficit. Had this change not been made earnings from operations for the current year would have been \$24,740 less than shown by the consolidated statement of earnings.

During the years 1964 to 1968 no allowance was made in the companies' accounts for depreciation of fixed assets. Depreciation of \$81,131 has been recorded for the current year and an amount of \$427,852 has been charged to deficit to record depreciation for the years 1964 to 1968 on fixed assets remaining in use as at May 31, 1969. No allowance has been made for depreciation of assets held for sale (note 5).

The comparative figures for the year ended June 1, 1968 have been restated from amounts previously reported to reflect the financial position and results of operations as they would have appeared had these accounting practices been in effect for that year.

**4. Fixed Assets.** Fixed assets are as follows:

	Held for sale (note 5)	In use	Total 1969	Total 1968
Buildings and equipment—at cost, less amounts written off . . . . .	\$1,306,175	1,950,191	3,256,366	3,220,262
Accumulated depreciation . . . . .	215,035	1,071,061	1,286,096	1,207,025
	1,091,140	879,130	1,970,270	2,013,237
Citrus groves—at cost (note 1) . . . . .	—	430,472	430,472	—
Land . . . . .	6,066,930	3,242,800	9,309,730	9,309,730
	\$7,158,070	4,552,402	11,710,472	11,322,967

Land in Canada has been valued on the basis of an appraisal dated July 11, 1962 by Mr. N. Porter, realtor, of Bradford, Ontario and in Florida on the basis of an appraisal dated August 31, 1962 by Messrs. R. P. Dunty and E. Nelson, realtors, of Lake Placid, Florida. The surplus of \$5,273,919 resulting from these appraisals was applied in the year ended June 1, 1963 to write down certain items of plant and equipment and to write off "deferred farm costs".

**5. Assets held for sale.** The assets shown under this heading are as follows:

	1969	1968
Fixed assets (note 4) . . . . .	\$7,158,070	6,799,518
Related excess of purchase price of shares of subsidiaries over book values thereof . . . . .	600,813	600,813
	7,758,883	7,400,331
Provision for excess of book values over option prices on certain assets held for sale . . . . .	1,625,000	1,625,000
	\$6,133,883	5,775,331

The company intends to sell these assets in an orderly manner to retire long-term debt. The period of time for disposal and the proceeds are dependent upon future market conditions. Accordingly, the amounts shown may not represent realizable values which may be less than book values. At this time it is not practical to estimate the amount of the provision required, if any, to reflect the realizable value of these assets.

As part of lease agreements expiring in 1970 the company has given options to purchase certain of these assets. If all of these purchase options are exercised, sales proceeds of \$1,135,000 will be realized on assets having book values of approximately \$2,760,000. A provision of \$1,625,000 has accordingly been made in the accounts.

**6. Long-term debt.**

	Current portion	Long-term portion	Total
6¾% mortgage due September 20, 1980, payable \$40,000 semi-annually commencing January 1, 1970 . . . . .	\$40,000	1,473,780	1,513,780
6½% mortgages due June 1, 1987, payable \$8,125 per annum . . . . .	8,125	135,575	143,700
6% promissory note due January 1, 1981, payable \$5,462 per annum . . . . .	5,462	60,079	65,541
6½% serial debentures due June 15, 1970 . . . . .	—	50,000	50,000
6% unsecured notes due July 31, 1970 . . . . .	—	95,000	95,000
6% convertible debentures due June 1, 1971 . . . . .	—	29,501	29,501
	\$53,587	1,843,935	1,897,522

(a) The long-term portion includes \$1,719,434 payable in U.S. funds.  
(b) 6% convertible debentures may be converted into common shares at the option of the holders at any time prior to June 1, 1971 on the basis of one common share for each 75¢ of the principal amount thereof. Interest on these debentures has been waived contingent upon the principal being paid when due and, as at May 31, 1969, the contingent liability in respect of interest on the debentures amounted to approximately \$9,000.

**7. Capital Stock.** Under a by-law confirmed by supplementary letters patent dated March 28, 1969 the authorized capital of the company was increased from 4,000,000 to 6,000,000 common shares of no par value.

During the year 2,322,882 common shares were issued as follows:

(a) 2,000,000 shares were issued pursuant to an agreement whereby Algonquin Building Credits Limited acquired the company's outstanding bank indebtedness of \$3,907,219 (\$3,622,327 U.S. funds and \$284,892 Cdn. funds). After issuance of these common shares for a consideration of \$2,000,000 Cdn. funds, the balance of the company's indebtedness to Algonquin Building Credits Limited amounted to \$2,208,623 Cdn. funds. The foreign exchange adjustment of \$301,404 resulting from these transactions has been shown as an extraordinary item;

(b) 62,214 shares were issued at \$1.50 per share in connection with the purchase of all of the outstanding shares and certain indebtedness of Cangroves, Inc.;

(c) 80,000 shares were issued (70,000 shares at 75¢ per share and 10,000 shares at 90¢ per share) on exercise of employee stock options;

(d) 180,668 shares were issued at 75¢ per share on the conversion of 6% convertible debentures.  
Of the authorized and unissued shares, 39,334 common shares are reserved against the exercise of the conversion right attaching to 6% convertible debentures, and 20,000 common shares are reserved under employee stock options (including 6,666 for an officer) exercisable at various dates to December 17, 1971 at 90¢ per share.

At May 31, 1969 quarterly cumulative dividends payable on 9,198 6½% preferred shares outstanding were in arrears in the amount of \$42.25 per share.

**8. Deficit.** Deficit includes contributed surplus of \$392,342 arising on the reorganization of June 1, 1963, which amount has remained unchanged since that date.

The balance of the deficit has arisen from transactions since June 1, 1963.

**9. Expenses.** Other expenses include \$95,727 (1968—\$91,904) for remuneration of senior officers of the company, including a director-officer. No amounts were paid in either year to those directors who are not officers.

For comparative purposes the 1968 amount has been restated to include remuneration paid to executives of a subsidiary which now operates as a division of the company.

**10. Income taxes.** Future taxes of the company and its subsidiaries may be reduced by approximately \$640,000 at present rates of tax as a result of loss carry-forwards available at May 31, 1969.



IN THE MATTER OF a Filing Statement  
of Hardee Farms International Ltd.,  
dated December 9, 1969, filed  
with The Toronto Stock Exchange.

We, JOHN J. PHILLIPS and ARTHUR W. WALKER, the President and Vice-President and Secretary respectively of Hardee Farms International Ltd., HEREBY CERTIFY that to the best of our knowledge, information and belief there has been no material adverse change in the financial position of Hardee Farms International Ltd. and its subsidiaries as disclosed by the annexed consolidated financial statements for the year ended May 31, 1969 as reported upon by McDonald, Currie & Co. under date of July 31, 1969.

DATED this 22nd day of December, 1969.

John J. Phillips  
John J. Phillips

Arthur W. Walker  
Arthur W. Walker

CHRISTIE AUTOMOTIVE ENGINEERING  
(Omura Brothers Limited and Castlefield Automotive Engine Limited)  
CONSOLIDATED BALANCE SHEET  
as at April 30th, 1969  
(Including exclusion of specific current and other assets for  
satisfaction of Shareholders and Management Accounts)

ASSETS:

Current			
Cash in bank or on deposit			123,334.64
Accounts receivable	91,171.63		
Less: allowance for bad debts	<u>9,044.22</u>		82,127.41
Deposits - gas, hydro, etc.			580.00
- equipment purchases			1,082.25
Inventories			62,651.11
Prepaid expenses and accrued receivables			<u>4,814.37</u>
Loan receivable			500.00
			275,089.78
<u>Loan receivable - Tak Sakamoto</u>			18,000.00
<u>Fixed assets</u>			
	<u>Cost</u>	<u>Capital Cost</u>	<u>Net</u>
		<u>Allowance</u>	
Equipment	188,680.49	125,113.06	63,567.43
Trucks	<u>24,084.30</u>	<u>18,248.41</u>	<u>5,835.89</u>
	212,764.79	143,361.47	69,403.32
<u>Other</u>			
Goodwill			20,000.00
Incorporation expense			<u>890.00</u>
			20,890.00
			<u>\$383,383.10</u>

LIABILITIES:

Current		
Accounts payable		91,960.08
Accrued wages and expenses		<u>27,413.27</u>
Income and sales tax payable		<u>13,778.66</u>
		133,152.01

EQUITY:

Capital Stock		
Omura - 300 common shares @ \$1.00		300.00
Castlefield - 400 commons shares @ \$1.00		<u>400.00</u>
		700.00
Surplus - opening	205,665.07	
Add: net profit for year	36,104.66	
gain on investment	<u>7,761.36</u>	<u>249,531.09</u>
		250,231.09
		<u>\$383,383.10</u>

CONSOLIDATED STATEMENT OF OPERATIONS FOR YEAR ENDED APRIL 30

	<u>1969</u>	<u>1968</u>	<u>1967</u>	<u>1966</u>	<u>1965</u>
Sales	1,032,048.	890,597.	723,882.	623,624.	568,649.
Cost of sales and general factory	670,618.	593,660.	489,724.	418,818.	432,830.
Gross margin	361,430.	296,938.	234,158.	204,806.	135,819.
General Expenses exclude: management rents inter-company accounts investment income	47,724.	40,291.	47,106.	38,125.	38,061.
Gross profit before	313,706.	256,647.	187,052.	166,681.	97,758.
Management salaries	263,400.	217,092.	136,000.	115,608.	56,240.
Rents paid	25,800.	23,300.	20,114.	18,650.	20,700.
Investment income	(22,740.)	(14,200.)	(10,073.)	(8,075.)	(5,839.)
	266,460.	226,192.	146,042.	126,183.	71,101.
Net profit before taxes	47,246.	30,455.	41,010.	40,498.	26,657.
Tax provision	11,141.	7,059.	9,437.	8,740.	6,131.
Net profit to surplus	36,105.	23,396.	31,573.	31,758.	20,526.



7. Names and addresses of persons having any interest, direct or indirect in underwritten or optioned shares or other securities or assignments, present or proposed, and, if any assignment is contemplated, particulars thereof.	See Item 6.
8. Any payments in cash or securities of the company made or to be made to a promoter or finder in connection with a proposed underwriting or property acquisition.	None
9. Brief statement of company's future development plans, including proposed expenditure of proceeds of sale of treasury shares, if any.	<p>Hardee plans to continue producing, packing and selling fresh vegetables and processing and selling french fried potatoes in Canada and cattle ranching and citrus production in Florida.</p> <p>Hardee also intends to develop additional growth through acquisition of revenue producing operations. In making its first move outside the basic food-oriented business, Hardee, through the Omura-Castlefield acquisition, has decided to enter the automotive after-market because of the proven profit and growth performance of this important phase of the automobile industry.</p>
10. Brief statement of company's chief development work during past year.	Hardee's chief work during the past year was producing, packing and selling fresh vegetables and processing and selling french fried potatoes and cattle ranching.
11. Names and addresses of vendors of any property or other assets intended to be purchased by the company showing the consideration to be paid.	<p>The names and addresses of the vendors of the shares of Omura and Castlefield and of the lands and buildings intended to be purchased by Hardee as indicated in Item 1 for the consideration therein set out are as follows:</p> <p>Beth Mutsko Omura, 28 Stratton Avenue, Scarborough 703, Ontario.</p> <p>Eiko Omura, 31 Lyme Regis Crescent, Scarborough 712, Ontario.</p> <p>Frank Omura, 2a King George's Drive, Toronto 337, Ontario.</p> <p>George Omura, 31 Lyme Regis Crescent, Scarborough 712, Ontario.</p> <p>Masako Omura, 2a King George's Drive, Toronto 337, Ontario.</p> <p>Shei Omura, 11 Skelmor Crescent, Don Mills 401, Ontario.</p> <p>Shizue Omura, 11 Skelmor Crescent, Don Mills 401, Ontario.</p> <p>Thomas Omura, 28 Stratton Avenue, Scarborough 703, Ontario.</p>
12. Names and addresses of persons who have received or will receive a greater than 5% interest in the shares or other consideration to be received by the vendor. If the vendor is a limited company, the names and addresses of persons having a greater than 5% interest in the vendor company.	See Item 11.



13. Number of shares held in escrow or in pool and a brief statement of the terms of escrow or the pooling agreement.	None to the knowledge of Hardee.
14. Names and addresses of owners of more than a 5% interest in escrowed shares and their shareholdings (If shares are registered in the names of nominees or in street names, give names of beneficial owners, if possible.)	None to the knowledge of Hardee
15. Names, addresses and shareholdings of five largest registered shareholders and if shareholdings are pooled or escrowed, so stating. If shares are registered in names of nominees or in street names, give names of beneficial owners, if possible, and if names are not those of beneficial owners, so state.	<p>As at the close of business November 24, 1969 the five largest registered shareholders of Hardee were:</p> <p>Algonquin Building Credits Limited,      2,000,000 76 St. Clair Avenue West, Toronto 195, Ontario.</p> <p>Nesbitt, Thomson Company Limited,      97,039 355 St. James Street West, Montreal 1, Quebec.</p> <p>Matthews &amp; Company Limited,      59,598 220 Bay Street, Toronto 117, Ontario.</p> <p>The shares referred to are common shares. Hardee understands that Algonquin Building Credits Limited is the beneficial owner of the shares registered in its name but does not know whether or not the other shareholders are the beneficial as well as the registered owners of their holdings.</p>
16. Names, and addresses of persons whose shareholdings are large enough to materially affect control of the company.	Algonquin Building Credits Limited, 76 St. Clair Avenue West, Toronto 195, Ontario.
17. If assets include investments in the shares or other securities of other companies, give an itemized statement thereof showing cost or book value and present market value.	<p>No such investments except securities of the following companies, all of which are wholly-owned subsidiaries:</p> <p>Hardee Farms Ltd. Holland River Gardens Co. Limited Ottawa River Farms Limited Cangroves, Inc. Hardee-Cangroves, Inc.</p>
18. Brief statement of any lawsuits pending or in process against company or its properties.	None to the knowledge of Hardee.



19. The dates of and parties to and the general nature of every material contract entered into by the company which is still in effect and is not disclosed in the foregoing.	A number of lease option agreements have been entered into by Hardee and are to be in effect until varying dates in 1970. While on an individual basis such agreements may not be regarded as material, in the aggregate they involve options for the purchase of a total of 5,500 acres of Hardee's lands in Florida and 600 acres in Ontario, at varying prices per acre amounting in the aggregate to approximately \$1,135,000 (of which \$885,000 is in U.S. and the balance in Canadian funds). Two such options involving the purchase of approximately 1,650 acres of land in Florida for an aggregate price of approximately \$500,000 are in the course of being exercised.
20. Statement of any other material facts and if none, so state. Also state whether any shares of the company are in the course of primary distribution to the public.	None.  No shares of Hardee are in the course of primary distribution to the public.

# **CERTIFICATE OF THE COMPANY**

DATED December 9, 1969

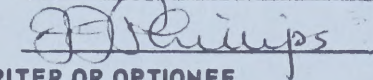
The foregoing, together with the financial information and other reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above and in respect of the company's affairs and there is no further material information applicable. (To be signed by two principal signing officers who are directors and the corporate seal to be affixed.)

"C.H. FRANKLIN"



CORPORATE  
SEAL

"J.J. PHILIPS"



## **CERTIFICATE OF UNDERWRITER OR OPTIONEE**

To the best of my knowledge, information and belief, the foregoing, together with the financial information and the reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above in respect of the company's affairs. Concerning matters which are not within my knowledge, I have relied upon the accuracy and adequacy of the information supplied to me by the company. (To be signed by underwriter or optionee registered with the Ontario Securities Commission or a corresponding body.)

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